

The Influence of Family Moral Support and Personal Problems on Firm Performance: The Case of Korean Female Entrepreneurs

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Abstract:

Less than one-fifth of all entrepreneurs are women in Korea (Xavier *et al.*, 2012). We investigate the determinants of Korean women entrepreneurs' firm performance. Specifically, we examine the impact of personal problems and family support and their interaction effects on firm performance. We find empirical support for the negative effects of personal problems on firm performance and positive moderation effects of family support on this link. Implications and future studies are discussed.

Keywords: Family support | performance | female entrepreneurs | Korea

Article:

1. Introduction

The Republic of Korea is the world's 12th largest economy in purchasing power, one of the lowest in terms of public debt in the world, and has a low unemployment rate (Chafkin, 2011). It is a country that has largely adored its chaebol, Korea's family-owned conglomerates, which have provided economic stability, the best jobs, training and export powerhouses. The chaebol grew out of government policies adopted in the 1960s that gave them monopoly status in every major industry (Chafkin, 2011). For example, the Samsung group in 2010 contributed about one-fifth the Korean GDP (Chafkin, 2011).

Small business was not looked on as a source of industrial power. This phenomenon results largely from the history of penalizing small businesses starting in the early 1980s because of how

industrial credits were allocated (Park, 2007). Now, small businesses are beginning to receive credit for their long-term positive impact on the South Korean economy. Particularly, second generation small- and medium-enterprises (SMEs) and new SMEs that started in the aftermath of the 1997 financial crisis are providing financial stability to the country. Many of these SMEs focus on research and development and technology issues in relation to quality and market niche specialization (Park, 2007). Park (2007) argues that if the government would have been more inclusive of small businesses, there would be a more balanced private sector and attitudes toward small businesses and female-owned businesses would be far different.

To date, we do not know enough about the factors affecting Korean female entrepreneurs' new venture success or failure. Therefore, in an attempt to fill this gap in the literature, we examine the determinants of Korean female entrepreneurs' firm performance. Specifically, we show the impact of family support and personal problems as well as the interaction effects of family support and personal problems on firm performance.

We begin with an overview of entrepreneurs in general and female entrepreneurs in Korea. We also present our theoretical framework (i.e. family embeddedness view) and develop our hypotheses. Then, we present the methodology, results and a discussion of future research directions and implications for public policy.

2. Entrepreneurs in Korea

Korean culture plays a major part in how female-owned businesses are looked at. To also plays a major part in adjusting to other cultures, as evident in a study of Korean entrepreneurs in London (Lowe *et al.*, 2011). Korea is known to be conservative at heart and being an entrepreneur is looked upon as being deviant or rebellious. Entrepreneurs struggle to raise capital to start and grow their businesses (Chafkin, 2011). Interestingly, Korean immigrants go into business for themselves at a much higher rate than other immigrant populations in the United States (Fawcett and Gardner, 1994). In fact, Korean immigrants had stronger commitments to being self-employed even before they left Korea and were more likely to bring start-up capital to the United States than Filipino immigrants. Additionally, they are more successful at accumulating capital once in the United States as compared to Filipino immigrants (Fawcett and Gardner, 1994). A comparative study between Korea and the United Arab Emirates (UAE) found that neither country was very conducive for entrepreneurship (Gupta *et al.*, 2012). Using a country institutional profile by Busenitz *et al.* (2000) to understand the environment for entrepreneurial activity, Korea was found to be lower than the UAE in their overall institutional (policies, rules, laws) availability of entrepreneurship knowledge and skills training, and overall societal attitudes toward entrepreneurship (Busenitz *et al.*, 2000; Gupta *et al.*, 2012).

However, two studies emphasized the major impact of entrepreneurship. Entrepreneurship was found to play a major part in attracting Korean SMEs to foreign markets (Suh *et al.*, 2007). The study examined three antecedents to perceived cost and attractiveness of going international: experiential knowledge, tangible resources and entrepreneurial tendencies on 289 SMEs in Seoul and surrounding areas. A SME for the purposes of the study was defined as having less than 300 employees and annual sales of less than eight million dollars. Results showed that

entrepreneurial tendencies have a strong influence on perceived attractiveness, especially during the early stages of internationalization, more than other factors (Suh *et al.*, 2007).

In addition, Ryoo (2012) found that entrepreneurship played a major role in technology sourcing decision making. Ryoo (2012) examined 258 Korean high tech communication industry small firms' decision makers on five key determinants of decision making: respondents' perceived level of technological capability, entrepreneurial strategic orientation, specialized asset investment, technological uncertainty and environmental uncertainty (Ryoo, 2012). The author concluded that if an organization is entrepreneurial, they have a better chance of finding a partner within existing networks, which is integral for high tech small firms to source technological innovations. In increasingly uncertain markets, these sourcing decisions are key to the success of these businesses, and entrepreneurship plays a major role in their decision making.

3. Female Entrepreneurs in Korea

According to the latest Global Entrepreneurship Monitor (GEM) Report (2012), less than one fifth of all entrepreneurs are women in Korea (Xavier *et al.*, 2012). On a per-capita basis, there are fewer female entrepreneurs than Saudi Arabia, Pakistan, or Iran. Despite these odds, there are more women in Korea than there are men. As of the 2010 census, the number of women exceeded that of men, while the population grew from 47,279,000 to 48,580,000, since the 2005 census (Statistics Korea, 2011). From 2005 to 2013, the number of women engaged in economic activity increased from 7,375,387 to 10,236,000 (Kong, 2013). Most were in the areas of service and sales (Kang, 2009). There is a clear relationship between childcare and economic activity for women. Only 8.4 percent of women with preschool children had jobs, while 17.7 percent of those with school age children had jobs in the 2000 census (Kang, 2009).

How does Korea compare to other countries? The Gender Equity Index (GEI) is based on internationally available comparative data that classifies countries according to a selection of indicators relevant to gender inequity. The Republic of Korea earned a 54 out of 100 rating overall based on an education rating of 84.2 percent, an economic activity rating of 53.9 percent and an empowerment rating of 23.5 percent (Tambunan, 2009). Van der Zwan *et al.* (2012) compared 32 European countries, three Asian countries (including Korea) and the United States on gender differences at five levels of entrepreneurial engagement (those who never considered starting a business, those who are thinking about it, and nascent, young, and established entrepreneurs) while controlling for individuallevel variables (Van der Zwan *et al.*, 2012). Results showed that cross-country gender differences are largest in the first and final transitions of the entrepreneurial process. In addition, the gender gap was smallest in Luxembourg, Netherlands and South Korea and the largest in Italy, Finland and Turkey. Overall, the study found that, on average, men are twice as likely as women to consider starting a business. Men are almost one and a half times more likely to take on nascent activities to start a business than women.

Most female-owned businesses are small (93%) and employ no more than five people (Lee *et al.*, 2011). Most have low survival rates attributed to inadequate management, access to capital that is low-risk, borrowing less than men, low use of counseling or expert advice, lack of business networks and a tendency to retain support services at a regional level rather than a

national level, according to the OECD and the International Labor Organization (ILO) in 1997. To assist in alleviating these problems and making female-owned businesses more successful and sustainable, the Korean government passed a law in 1999 supporting female-owned businesses (Lee *et al.*, 2011). Since then, a number of different entities and government support programs have emerged (i.e., Small and Medium Business Administration (SMBA), Korean Women Entrepreneurs Association (KWEA), Ministry of Gender Equality and Family (MOGEF), Ministry of Labor (MOLAB), Public Procurement Service (PPS) and local government service agencies). Services include export assistance, technology assistance and training, finding capital, understanding financing, procurement processes, social media management, marketing and advertising training, as well as mentoring. Lee *et al.* (2011) examined the effect of these government programs in increasing the satisfaction of female entrepreneurs by looking at the government support policies along with personal factors (Lee *et al.*, 2011). They found that government support processes had a direct positive effect on satisfaction and a direct positive effect on the business environment, but government support policies had an insignificant direct effect on satisfaction.

In terms of the total direct and indirect effects, government support processes have the highest effect on the improvement of satisfaction of female entrepreneurs, followed by family life, individual capacity, business environment, social network and government support policy (Lee *et al.*, 2011). However, government support processes are limited and are in need of improvement. The authors suggest, based on the feedback of respondents, that the dispersion of the supporting departments, complex procedures and inefficient public relations need to be improved. Policy must become more sustained over time without changes and need to be processed by business type to speed efficiency. The study showed that gender-specific government support policies had the least effect on female entrepreneurs, although there was an indirect effect. In other words, female entrepreneurs were not sensitive to the gender specific policies, the support scale, or support programs in Korea (Lee *et al.*, 2011).

In a related study, Lee and Stearns (2012) examined personal characteristics, critical success factors and performance outcomes in a study of 228 female business owners from the Korean Female Entrepreneurs Association (Lee and Stearns, 2012). The study adds to the literature with the performance link that had been missing in previous studies. Performance was measured by estimates of improvement of sales and profitability, whereas entrepreneurial motivation was measured by responses and tested using a structural equation model. The study found that each of the three measures of entrepreneurial motivation (opportunities, independence and income, and entrepreneurial challenge) were found to significantly affect the success of the female-owned business as well as the critical success factors of family support and knowledge, communication skills, knowledge of business, product competency, business capability and resource availability. The respondents' entrepreneurial motivation was more correlated with independence and income than entrepreneurial challenge or entrepreneurial opportunities (in that order), although all were statistically significant. The study did not examine gender differences and a business' environmental variables. However, the study does provide strong support for the links between entrepreneurial motivations, female-owned business success and performance (Lee and Stearns, 2012).

4. Hypotheses

Studies generally highlight the importance of context in entrepreneurship (e.g. Hughes *et al.*, 2012; Welter, 2011; Zahra, 2007). In line with this, we examine Korean female entrepreneurs within the context of personal problems and family support, which can impact their firm performance. Accordingly:

Hypothesis 1: Personal problems are negatively related to firm performance.

4.1. Korean female entrepreneurs' family support and firm performance

We draw upon the “family embeddedness” perspective (Aldrich and Cliff, 2003) by following the work of Welsh *et al.* (2014), owing to the prevalent family involvement in new ventures through ownership and/or management or providing support to the entrepreneur family member (Chang *et al.*, 2009; Welsh *et al.*, 2014). Indeed, in many small size start-ups, families and businesses are likely to be intertwined (Aldrich and Cliff, 2003).

Within the framework of the family embeddedness view, Chang *et al.* (2009) examine how family support influences venture preparation and creation among Hispanic entrepreneurs in New England in the United States (Aldrich and Cliff, 2003). The authors find that family support in the forms of resources and encouragement positively impacts both new venture preparation and start up. This is consistent with the unified systems approach introduced by Habbershon *et al.* (2003). The authors suggest that family, business and individual family members interact to foster idiosyncratic determinants of firm performance. Sharma (2008) also draws attention to the importance of the appropriate use of resources in the successful management of new ventures (Sharma, 2008).

Nevertheless, Uzzi draws attention to both the dark and bright sides of the embeddedness, where social relationships influence economic action (Uzzi, 1996, 1997). For example, over-embeddedness can be problematic by limiting the flow of information and hindering adaptation. Social expectations may supersede economic concerns, trust may be violated and the focus on the quality of work can be shifted toward relationships (Uzzi, 1997).

Consistent with Uzzi's concerns regarding the paradoxical nature of the embeddedness, family business researchers (e.g. Sharma, 2008; Smith, 2009; Steier, 2003) also draw attention to the positive as well as negative effects of embeddedness in family firms (Uzzi, 1996, 1997). Sharma (2008) highlights the importance of balanced flow of resources between family and firm, which can lead to stocks of unique resources (Sharma, 2008). However, the author also states there can be an imbalance and negative spillovers from one system to the other can occur. Accordingly, Smith (2009) presents the “rights” of family membership notion which is common in East Africa, unlike some Western cultures, where family membership endow family members with many rights, such as the right to have residual claim over a family business regardless of the contribution or input level of them (Statistics Korea, 2011). Smith (2009) also suggests this tends to generate free-riding and shirking within the domain of family businesses (Smith, 2009). What is even more interesting is that those family businesses may eventually need to hire external parties to effectively monitor and control opportunistic behaviors of family members.

In Western cultures, family members may exhibit both selfless altruistic and selfish market rationalities among family members when multiple family members are involved in a business (Steier, 2003). On the one side, family members are supportive and nurturing of each other. On the other side, they may also have selfish market-related (e.g., profitability) concerns and expectations. What makes family relations more complex is the multiple and shifting rationalities among family members (Steier, 2003). It is likely that Korean female entrepreneurs may rely on family support just like many other entrepreneurs around the world. However, we do not know enough about the impact of family dynamics in Korean female entrepreneurs' new ventures. In an attempt to have a better understanding regarding this phenomenon, we examine the impact of family support on firm performance in the following sections.

When external support systems for female entrepreneurs are limited, family support for venturing may be a particularly valuable resource for Korean female entrepreneurs. A recent study by Chang *et al.* (2012) suggests family involvement can provide support elements in terms of resources, encouragement, norms and values, and social capital as well as networks for venture creation and success (Aldrich and Cliff, 2003; Chang *et al.*, 2009, 2012; Pearson *et al.*, 2008). Accordingly, past research has also drawn attention to the positive influence of family members in the strategic management process. Family members tend to exhibit altruistic and nurturing behaviors, such as mentoring and guidance that can positively contribute to the business start-up and successful management activities in new ventures (Steier, 2003; Arregle *et al.*, 2007). Furthermore, family members may provide entrepreneur(s) with the use of the family's finances (for example, seed money) or help in obtaining external funding sources (Aldrich and Cliff, 2003; Anderson *et al.*, 2005; Dyer and Handler, 1994). Additionally, family members can provide necessary labor and help that can be used at all stages of venture start-up and success (Dyer, 2003; Karra *et al.*, 2006; Teixeira, 2001). Indeed, family members represent important resources to female entrepreneur(s), particularly to the ones who may lack access to other networks during the venture development process (Greve and Salaf, 2003). This type of support can be even more valuable when family members have an entrepreneurship background, because those members become role models and mentors to aspiring entrepreneurs not only during the venture preparation process but also during the business creation process (Aldrich and Cliff, 2003; Chang *et al.*, 2009; Minniti and Bygrave, 2011; Shapero and Sokol, 1982). Moreover, family members may be altruistically involved with the entrepreneur(s) and the venture owing to a feeling of obligation and responsibility toward kin, which can increase their willingness to help (Karra *et al.*, 2006; Arregle *et al.*, 2007). Because family support can potentially be a valuable resource for entrepreneurs, we suggest family support will be positively influential on Korean female entrepreneurs' firm performance.

Hypothesis 2: Family moral support is positively related to firm performance.

4.2. Moderation effects of family support

Family support can play a critical role, particularly while entrepreneurs deal with challenges associated with their new ventures (Chang *et al.*, 2009) and personal lives. Accordingly, we expect family support can diminish the negative effects of personal problems (related to work and personal life) on firm performance because the female entrepreneurs can cope with personal

problems better with family support and perceived strength. In turn, this interplay between personal problems and family support can have positive impact on firm performance.

Hypothesis 3: Family support will positively moderate the relationship between personal problems and firm performance, such that the negative relationship will be weaker and even become positive.

We test our hypotheses and present the results in the following Methodology section.

5. Methodology

5.1. Sample

A self-administered questionnaire adapted from Hisrich *et al.* (2006) was utilized on Korean female entrepreneurs. The 48 item survey was translated and back-translated into Korean using the procedure by Earley (1987). Additionally, the survey was pre-tested and adjustments made to adapt to local cultural conditions. The questionnaire included a cover letter discussing the importance of the research and thanking them for their participation. Although Hisrich and his colleagues distributed the cover letter and questionnaire through business centers in five cities across the Ukraine, we used field collection and mail survey distribution in South Korea. Data collection took place from January to August 2012. One hundred out of 300 questionnaires returned were usable for a 33 percent response rate. The data collection was completed by a professor and a graduate student in business. The online version of the questionnaire can be found at (https://uncg.qualtrics.com/SE/?SID=SV_78VpNoW4inrA4n2).

Respondents ranged from 20 to over 60 years of age. The largest age group was 30–39 years old, accounting for 35 percent of the participants, followed by 40–49 years (28 percent). Nineteen percent of the participants were between 20 and 29 years old, 15 percent between 50 and 59 years old and three percent were over 60 years of age. Sixty-two percent of the respondents were married, 33 percent single, and five percent were either separated, divorced, or widowed.

Twenty-seven percent of the respondents reported their businesses as a family business. Less than half (44 percent) started their business alone, while 16 percent started either with a spouse, with another family member (16 percent) or with a non-family member (16 percent). Four percent bought a business from a non-family member and two percent inherited it. Their businesses are small, with 62 percent having no employees (just the owner-operator), and 33 percent having only one employee.

Most female entrepreneurs started their businesses either locally (64 percent), in the neighboring city (four percent), or in the province (30 percent), and remain solely domestic businesses. No woman had started her business internationally, and none are currently operating internationally. The majority of business owners (81 percent) own more than 50 percent of their business.

5.2. The dependent variable

5.2.1. Firm performance

We use the firm's current annual income as a proxy for its performance, and code it as (1), when the income is higher; and as (0), when it is lower than the national median income per person (approximately \$24,000 USD).

5.3. Independent variables

5.3.1. Personal problems

This dichotomous independent variable is based on a categorical measurement of women's biggest personal problems during the establishment and running of their businesses. It is coded as (1)–for the presence of any combination of emotional stress, family stress, loneliness, influence of business on family relationships, influence of business on personal relationships, poor or lack of support, loneliness, time management, dealing with males and/or dealing with drivers and (0)–for the absence of any of such problems.

5.3.2. Family moral support

We measured a moral (intangible) support from the family at two levels: (1) when such a support from the family member (spouse, child, parent, sibling and/or a relative) was acknowledged by the respondent, and (0) when it wasn't. We used this measure, initially designed to measure altruism, to capture the support of family members.

5.4. Control variables

We controlled for three factors owing to their potential impact on the dependent variable that are pertaining to perceptions (Politis, 2005; Van der Sluis *et al.*, 2008; Westhead *et al.*, 2009): Education indicates whether the respondent has an education either (1) higher than a high school diploma or (0) otherwise; Business Experience is a categorical variable measured at two levels: (1) at least three years of business experience, (0) otherwise; and Family Business Ownership, also measured at two levels: 1 (Yes); 0 (No). The choice of the cut-off levels for the categorical variables' categories was based on theoretical considerations and their frequency distributions.

6. Analyses

To examine the relationships among the dependent, independent and control variables in our study, and to test our hypotheses, we conducted four binary logistic regressions. The choice of the binary logistic regression analysis was dictated by the binary nature of the dependent variable. Our approach was based on the moderation analysis procedures suggested by Baron and Kenny (1986) and Aiken and West (1991). In Model 1, we tested the relationship between the control variables and the dependent variable. In Model 2, we introduced the independent variable of personal problems. In Model 3, we added the hypothesized moderating variable for family support. Finally, in Model 4, we added the interaction of personal problems and family support.

The study design is depicted in Fig. 1, descriptive data including zero-order correlations are presented in Table 1 and the results of the four binary logistic regressions are found in Table 2.

Analysis of correlation coefficients did not indicate any issues of multicollinearity. Nevertheless, we further tested more formally for the unwanted presence of multicollinearity and calculated variance inflation factors (VIFs) for the control, independent and moderator variables. The VIFs were all below 1.3, thus suggesting no apparent problems with collinearity. Values of VIF exceeding ten are usually regarded as indicating multicollinearity; however, in weaker models, such as in logistic regression, values above 2.5 may be a cause for concern (Allison, 1999).

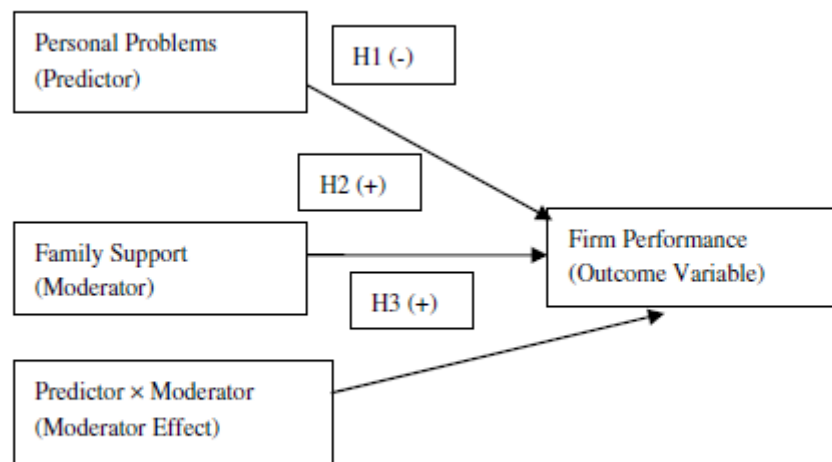


Fig. 1. The study design.

Table 1. Means, Standard Deviations and Correlations.

	Mean	Std. Deviation	N	1	2	3	4	5
1. Firm Performance	0.60	0.494	89	—				
2. Education Level	0.58	0.496	100	−0.017	—			
3. Business Experience	0.52	0.502	100	0.147	−0.088	—		
4. Family Business Ownership	0.27	0.447	96	−0.045	−0.116	0.316***	—	
5. Personal Problems	0.49	0.502	100	−0.137	−0.098	0.181*	−0.034	—
6. Family Support	0.46	0.501	10	−0.057	−0.068	0.084	0.367***	−0.062

*Correlation is significant at the 0.10 level (2-tailed).

**Correlation is significant at the 0.05 level (2-tailed).

***Correlation is significant at the 0.01 level (2-tailed).

Table 2. Logistic Regression Results.

	Model 1 N = 88	Model 2 N = 88	Model 3 N = 88	Model 4 N = 88
Control variables:				
Education (1 = More than a high school; 0 = Otherwise)	−0.022 (0.962)	−0.104 (0.823)	−0.113 (0.808)	−0.230 (0.631)
Business experience (1 = At least 3 years; 0 = Otherwise)	0.675 (0.145)	0.838* (0.083)	0.845* (0.082)	0.831* (0.093)
Family Business Ownership (1 = Yes; 0 = No)	−0.451 (0.415)	−0.498 (0.379)	−0.406 (0.503)	−0.651 (0.298)
Constant	0.156 (0.717)	0.553 (0.267)	0.633 (0.235)	1.259* (0.056)
Independent variables:				
Personal Problems		−0.781* (0.093) (H1: confirmed)	−0.793* (0.090) (H1: confirmed)	−1.686** (0.013) (H1: confirmed)
Family Support			−0.209 (0.669) (H2: not confirmed)	−1.172* (0.097) (H2: not confirmed)
Personal Problems × Family Support				1.884** (0.049) (H3: confirmed)
−2 Log Likelihood	116.697	113.786	113.604	109.593
Cox and Snell R ²	0.027	0.058	0.060	0.102
Nagelkerke R ²	0.036	0.079	0.081	0.138

Dependent variable: Firm Performance (1 = High; 0 = Low)

Independent variables:

Personal Problems (1 = Yes; 0 = No)

Family Support (1 = Yes; 0 = No)

Note: Regression coefficients: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.10$; two-tailed tests; p -values in the parentheses.

7. Results

In Model 1 (Table 2), we regressed the dependent variable (firm performance) on the three control variables (the female entrepreneur's education, her business experience and family

business ownership) to examine whether they had any influence on the relationships we theorized in our hypotheses. None of these variables was found to be statistically significant. Overall, Model 1 was not significant ($\chi^2_{2/4} 2.372$, $p_{1/4} 0.499$). A $-2 \log$ likelihood value was 116.697 and pseudo-R² values ranged from 0.027 (Cox and Snell R²) to 0.036 (Nagelkerke R²).

In Model 2, we tested our first hypothesis — H1 — that personal problems are negatively related to firm performance. For this purpose, we added to the three control variables our independent variable — personal problems. The binary logistic regression yielded a statistically significant (albeit weak; $p_{1/4} 0.093$) and negative coefficient of the independent variable with respect to family support, thus confirming H1. Model 2 was overall not significant ($\chi^2_{2/4} 5.282$, $p_{1/4} 0.260$); however, we observed a wanted significant drop of the $-2 \log$ likelihood value from 116.697 to 113.786 ($\chi^2_{2/4} 2.911$, $p < 0.10$) and a needed increase of Cox and Snell and Nagelkerke pseudo-R² values to 0.058 and 0.079, respectively.

Our next hypothesis — H2 (that family support is positively related to Korean female entrepreneurs' firm performance) — was tested in Model 3, which was obtained from Model 2 by adding a moderator variable—family support. However, this newly added variable did not turn out to be significant ($p_{1/4} 0.669$). Thus, family support alone has no statistically significant effect on firm performance. In Model 3, the $-2 \log$ likelihood value was decreased insignificantly by only $\chi^2_{2/4} 0.182$ to 113.604. The pseudo-R² values increased slightly to 0.060 and 0.081, respectively.

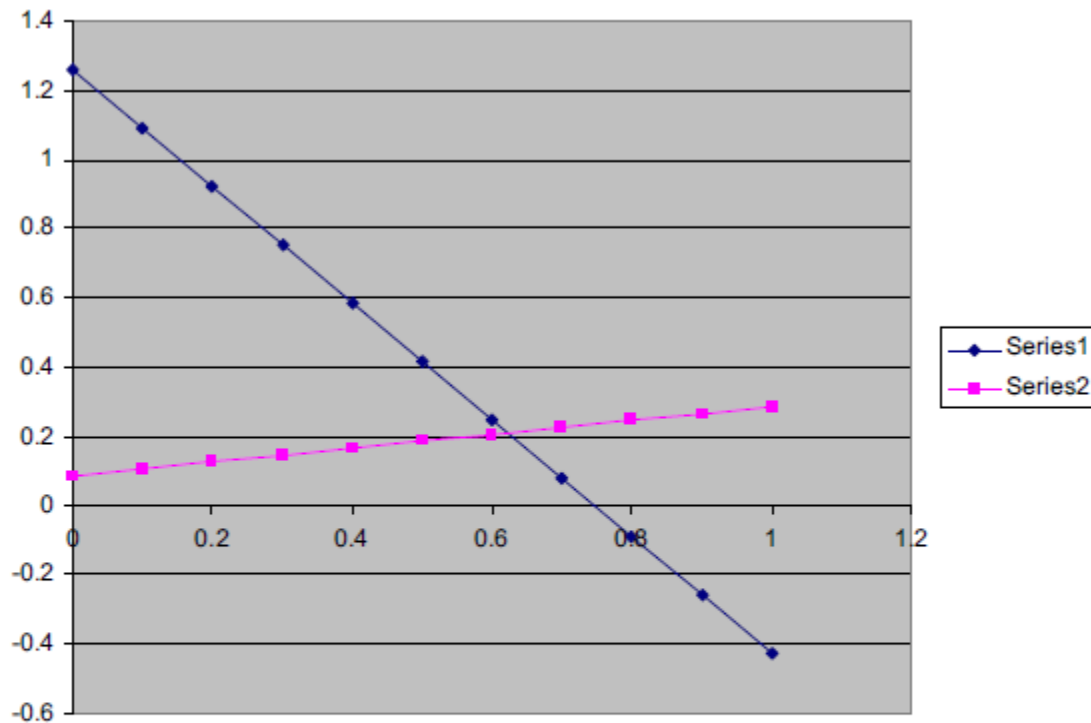


Fig. 2. Plot of the Interaction between personal problems and firm performance.
The horizontal axis: Independent Variable (Personal Problems: LOW on the left and HIGH on the right)
The vertical axis: Dependent Variable (Firm Performance: LOW at the bottom and HIGH at the top)
Series 1: When Family Support is LOW (= 0)
Series 2: When Family Support is HIGH (= 1)

Finally, our last hypothesis — H3 — was tested with the full moderator model (Model 4) with the moderator effect Personal Problems _ Family Support. We hypothesized that family support positively moderates the relationship between personal problems and firm performance such that the interaction effect of personal problems and family support on firm performance will be positive. The outcome did provide support for our hypothesis. In Model 4, the χ^2 log likelihood value was further decreased to 109.593 (χ^2 4:011, $p < 0.05$) and the pseudo-R² values further increased to 0.102 and 0.138, respectively. The plot of the interaction term (Fig. 2) indicated the relationship of personal problems with firm performance was more positive as the level of family support increased. Thus, the plotted interaction effect provided further support for Hypothesis 3.

Concerning the control variables, only years of business experience turned out to be statistically significantly and positively related to the dependent variable in the last three models. Neither education level nor family business ownership were found to be significantly related to firm performance.

8. Discussion

We examine the impact of family support and personal problems, as well as their interaction effects on Korean female entrepreneurs' firm performance by drawing upon family embeddedness perspective. Through our study, we aim to respond to a recent call for a better understanding of female entrepreneurs around the world by shedding light on different social and institutional contexts (Hughes *et al.*, 2012; Welter, 2011; Zahra, 2007).

Findings show that Korean female entrepreneurs' personal problems have negative effects on firm performance, as we expected. Furthermore, we also found positive interaction effects of family support and personal problems on firm performance. In the case of personal problems, family support seems to be directed toward helping female entrepreneurs cope with their personal problems so the female entrepreneurs can succeed in their ventures and increase firm performance.

Findings also show that family moral support has no significant positive effects on firm performance, contrary to our expectation. It appears that family support is effective in preventing negative effects of personal problems on firm performance. However, family support itself does not have significant positive effects on firm performance. Korean female entrepreneurs may be utilizing family support in the case of personal problems primarily and may not be seeking or utilizing family support otherwise. Indeed, according to the paradox of family embeddedness view, when women entrepreneurs accept family support, families may assume enhanced power, authority and legitimacy to control the business activities as well (Uzzi, 1997; Steier *et al.*, 2009; Welsh *et al.*, 2014). By limiting the use of family support, female entrepreneurs may want to limit family's expectations and pressure on themselves.

8.1. *Limitations and future research*

This survey is a convenience sample conducted online and mostly through support organizations and networks of female entrepreneurs. Therefore, the results are strongly influenced by people who can use the internet and belong to networking organizations. Even though the Korean population has a high technological skill level, women may be using the internet less than men. Future studies should include in the sample female entrepreneurs who do not use the internet on a regular basis. Other means to gather data should also be included, such as student-based businesses, university technology transfer businesses that are begun by women, representative samples throughout Korea in rural and urban environments and matched gender-based samples. Because some of the businesses owned by Korean female entrepreneurs are family firms, future research can investigate other family firm dynamics than family support such as family expectations or long-term orientation and how these affect their firm performance.

Longitudinal studies can investigate the impact of changes in the lifestyles and culture along with government initiatives on Korean female entrepreneurs over time. It would be interesting to explore how the changes encouraging more women's opportunities will affect female entrepreneurs in Korea in the long-run. Future research could also examine the impact of Korean female entrepreneurs on innovations and economic growth. We expect that if qualified women have the opportunity to utilize their knowledge base by creating their ventures through family and external support, they may be the drivers of innovation in Korea (Chang *et al.*, 2009).

8.2. Implications for public policy on entrepreneurship

Economic growth is among the top priorities across countries. Therefore, this study has strong implications for policy making. Programs and funding that promote entrepreneurship and economic growth in both the developed and developing countries are increasing (Acs and Szerb, 2007). However, the macroeconomic policies driving support and investment in SMEs appear to be based on the assumption that firms of comparable size have similar developmental needs and potentials. As a result, public policy programs usually segment potential firms according to size (employees and sales turnover) and/or industry. In effect, existing support programs categorize male and female owned ventures together into a “new venture sector.” This study shows that new ventures owned by women may be distinct from others in economically significant ways. Our theory and evidence on the Korean female entrepreneurs is one step toward alerting policy makers of the need for public policy to take into account the idiosyncratic characteristics and challenges of female owned businesses. For example, personal and family dynamics seem to play significant roles in female entrepreneurs’ businesses. The better these are understood and articulated, the better policy makers will be able to provide support programs for female owned businesses that substantially contribute local economies and economic growth around the world. If the current system fails to recognize the importance of female owned and/or managed ventures and their idiosyncratic needs, economic growth could be adversely affected.

9. Conclusion

Less than one-fifth of all entrepreneurs are women in Korea, despite the fact there are more women in Korea than there are men (Xavier *et al.*, 2012; Statistics Korea, 2011). South Korea is considered behind China and Taiwan but ahead of Japan among East Asian countries in being open to women in the workplace (The Sky’s the Limit, 2011). Our survey results reflected the pent up demand in South Korea for women to own their own businesses; about seventy percent of our respondents identified themselves as Korean businesswomen and 22 percent said they had been in the past. However, most Korean female entrepreneurs did not believe their education and previous work experiences were helpful in becoming an entrepreneur. The implication of this finding is that the government should invest in women’s education, particularly higher education in business and areas identified in the survey as needing more skills, such as finance and technology. Internships should be required as well as other types of training programs. Mentoring programs and networking organizations need to increase and accessibility issues need to be addressed.

The majority of the female entrepreneurs owned more than 51 percent of their business and 44 percent started the business on their own, while six percent of the respondents registered higher annual incomes than the national median income of \$24,000 USD. Most business were in the retail and restaurant sector, which historically has been lower in terms of per capita income than more skilled sectors, such as banking, engineering trades and construction, and science and professional businesses. Incentive programs to encourage women to study STEM fields (Science, Technology, Engineering and Math) that could lead to business creation in higher paying fields would be a policy change the Korean government might consider that would have long-term positive results of raising the income level of women-owned firms.

Family members comprise 32 percent of the total number of employees and the vast majority is first generation businesses. Training in family firm management would be one suggestion that may have widespread implications for business improvement and family business continuity so the business could be passed to the next generation. Almost half self-funded their business the first year. Access to financing is a major problem for Korean female entrepreneurs and government loan programs should be implemented and a major public relations campaign enacted.

A full 90 percent of respondents named their spouse as their best supporter, along with parents and friends. No one responded that government or private agencies provided support. Support for female-owned businesses needs to develop and be accessible in many different ways. Because most women indicated they received support from their spouses, family and friends, there is a strong connection between supporters and female entrepreneurs that is more than just financial. Therefore, establishing long-term support systems, both formal and informal, which include accessibility to government and private agencies, is essential for further growth and acceptance of Korean female entrepreneurs and their businesses as mainstream.

If barriers related to the business environment being unfriendly are to be changed, the government needs to step in and apply long-term, genuine policies and procedures along with permanent funding to assist female entrepreneurs. Over time, hopefully the perceptions of female entrepreneurs and their capabilities will change that will positively affect customer satisfaction and retention. Public policy and legal changes can overcome the government bureaucracy and inconsistencies in the legal framework. The political instability of Korean government with North Korea was considered the biggest obstacle by female entrepreneurs and the economic slowdown. This is an ongoing issue that hampers international business and success for South Korean female entrepreneurs.

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